

AMIT BACHHAWAT TRAINING FORUM

AUDIT REVISION OF STANDARDS ON AUDITING

SA 200,315,330,320,610,299,300,600,620,580,230,240,250,260

1. Explain the concept of internal control with the help of a flowchart on purchase of raw material and also highlight 4 internal control areas.
2. Explain briefly various types of audit reports.
3. Explain the concept of audit risk.
4. What do you mean by professional skepticism and its relevance in audit? State the meaning of professional judgment.
5. Write a short note on audit premises and those charged with governance.
6. What audit procedures are carried by auditor to obtain audit evidence? Explain.
7. How are standards on auditing framed? Is it compulsory to follow standards on auditing while conducting audit?
8. Explain the principles of ethics to be followed by an auditor and also the meaning of True and fair view in the context of financial statements.
9. Can Materiality level once fixed, be later on revised?
10. What do you mean by Risk Assessment procedures & its importance in audit with reference to in audit with reference to SA – 315?
11. What do you mean by Internal Control as per SA – 315?
12. What are components of Internal Control? Explain briefly?
13. What factors are considered in determining Materiality level?
14. What factors are considered for choosing a benchmark in determining materiality?
15. What further procedures are designed after assessing the risk of Materially Misstatement at the planning stage?
16. Explain Assertions relating to transactions and balances?
17. What factors are to be considered **before using the** work of Internal Auditor?
18. What factors are to be considered to decide the **extent to which** Internal Auditor's work can be used?
19. In what **situation** Internal Auditor cannot be used as (Direct Assistance)?
20. In what **procedures** Internal Auditor cannot be used as Direct Assistance?
21. What **agreements should be entered** before using the work as internal work as direct Assistance?
22. What **documentations should be** prepared while using work of Internal Auditor?
23. Difference Between Standards statements and guidance Notes
24. Basic Principles governing Audit [DISCO PAIR]

25. Short notice on –
 - a. Preconditions for Audit
 - b. Audit Premises
 - c. Professional Judgement
 - d. Professional Skepticism
 - e. Emphasis of Matter Paragraph
 - f. Internal Financial Control
 - g. Assertions relating to transactions
 - h. Assertions relating to balances
 - i. Flowchart as a technique to review internal control
26. Concept of Audit Risk
Inherent Control Detection Risk
27. Principles of professional ethic relevant to Audit? HINTS: [OPICC]
28. Inherent Limitations of Audit?
29. Inherent Limitations of Internal Control
30. What factors are considered in determining Materiality Level?
31. What factors are considered for choosing a benchmark, in determining materiality?
32. In what ways an internal audit can be used by external Auditor as per Revised SA – 610
33. A satisfactory internal control environment may help reduce the risk of fraud but is not an absolute deterrent for fraud. Explain.
34. Distinguish between absolute and reasonable assurance. Identify the type of assurance that is expected in an audit of the financial statements, clearly outlining the reasons to justify your point of view.

35. Write a short note on
- Audit Strategy
 - Audit Programmes
36. Each joint auditor is jointly responsible for the joint Audit. Comment
37. What procedures to be carried by principal auditor while using the work of branch auditor
38. Case study on SA 620
39. Write a short note on
- Written representations
 - Working papers
 - Fraud risk factors
40. What matters are communicated between auditor and TCWG?
41. Auditor is only concerned with Laws having direct effect on Financial Statements. Comment.
42. What are the elements of Auditor Report as per Revised SA – 700? 5 MARKS
43. Draft the Management Responsibility paragraph and Auditor’s Responsibility as per revised SA – 700? 6 MARKS
44. Draft the opinion Paragraph 4 MARKS
45. What do you mean by Key Audit Matters as per SA 701? What is the scope of SA 701?
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- Is Communication as per SA 701, a separate opinion on individual matters? 1 MARK
 - Can auditor insert KAM Paragraph if he is intending to express Disclaimer of opinion? 1 MARK
 - Is KAM Paragraph a substitute for the auditor expressing modified opinion? 1 MARK
 - SA – 701 applies to audits of complete sets of general purpose financial statements only. Is it true? 1 MARK
 - Can a Non – Listed Co. Voluntarily follow some points of SA – 701? 1 MARK
- Q47. How to determine Key Audit Matters as per SA 701? 4 MARKS
- Q48.
- How are Key Audit Matters reported in Audit Report? 3 MARKS
 - What will an auditor if No KAM found by him? 2 MARKS
- Q49.
- Can matters related to KAM, Qualified Opinion be inserted in EOM Paragraph? 1 MARK
 - Where is EOM paragraph inserted in the Audit Report? 2 MARKS
 - Draft EOM Paragraph 3 MARKS
- Q50. What do you mean by pervasive misstatement as per SA 705?
- Q51.
- On what factors the form, content and extent of audit documentation depend? 5 MARKS
 - Give three examples of Audit Documentation?
- Q52. What do you mean by audit documentation & its uses? 5 MARKS
- Q53. ‘The auditors are being insisted by the management to handover the letters of confirmation of balances received by the auditor from debtors are creditors’. 4 MARKS
- Q54. Short note on Analytical Procedure as per SA 520 5 MARKS
[Hints: Definition, Examples, Uses at various stages to be explained]
- Q55. The extent of reliance on analytical procedures depends on various factors. SA 520 Comment 5 MARKS
- Q56. What do you mean by Written Representations? Explain its uses in various areas? 2 + 3 = 5 MARKS
- Q57. An auditor of Sagar Ltd. was not able to get the confirmation about the existence and value of certain machineries. However the management gave him a certificate to prove the existence and value of the machinery as appearing in the books of accounts. The auditor accepted the same without any further procedure and signed the audit report. Is he right in his approach? Express your views. 4 MARKS
- Q58.
- How will an auditor respond if Management refuses to give written representations? 3 MARKS
 - When should an auditor rely less on written representation? 2 MARKS
- Q59. Explain the process of external confirmation. Give some examples where external confirmation can be used as audit evidence 4 MARKS
- Q60. What are the factors that are to be considered while designing a confirmation request? 4 MARKS
- Q61. Moon Limited the placed its statutory auditor for the Financial year 2008-09. During the course of audit the new auditor found a credit item of rs. 5lakhs On enquiry, the company explained him that it is, a very old credit balance. The creditor had neither approached for the payment nor is he traceable Under the circumstances no confirmation of the credit balance is available. Comment 4 MARKS
- Q62. How should an auditor deal with the situation if management does not supply the details of debtors sought by the auditor for external confirmation? 4 MARKS
- Q63. What procedures are carried out by auditor to identify Related Party Transactions as per SA 550? 4 MARKS
- Q64. What procedures are carried out by auditor in:
- Unidentified undisclosed related parties are identified by auditor?
 - Significant related party transactions outside the entity’s Normal Course of business?

- Q65. What do you mean by accounting estimate? What is an auditor's duty regarding the use of accounting estimate?
- Q66. What procedures are used by an auditor to check whether accounting estimates are reasonable? 4 MARKS
- Q67. What do you mean by subsequent events?
- Q68. Inquiry from Management is helpful for Auditor to evaluate subsequent events. Discuss specific enquiries in reference of SA 560, which might have effect on the financial statements.
- Q69. What do you mean by:
- Teeming & lading fraud
 - Fraud Risk Factors
 - Types of Fraud? (SA 240)
- Q70. What is auditor's duty under SA 720?
- Q71. What do you mean by comparators as per SA 710? What is auditor's duty with regard to comparatives?
- Q72. How will auditor verify litigation & claims as per SA 501?
- Q73. a. What should an auditor consider as regards to terms of engagement in case of recurring audits?
 b. What should an auditor do where he is requested to change the terms of engagement before the completion of engagement?
 c. Write short note on Pre-conditions for audit?
- Q74. Draft Engagement Letter
- Q75. a. What is the Auditor's objective under SA 220?
 b. What is the auditor's responsibility and procedures regarding acceptance/continuation of client relationship and audit engagement?
 c. What is Engagement partner's (EP) responsibility regarding Engagement performance and delegation?
 d. Mention any four in formation which assists the auditor in accepting and continuing of relationship with the client as per SA 220
- Q76. Give your comments on the following:
 Auditors of MIs Fortune India (P) Ltd. were changed for the accounting year 2004-05. The closing stock of the company as on 31.3.2004 amounting to Ps. 100 lacs continued as it is and became closing stock as on 31.3.2005. The auditors of the company propose to exclude from their audit programme the audit of closing stock of Rs. 100 lacs on the understanding that it pertains to the preceding year which was audited by another auditor.
- Q77. a. Define/Short Note:
- Audit Sampling
 - Sampling and Non-Sampling risk.
 - Statistical Sampling
 - Stratification
- b. Different types of Sample Selection Methods.
 c. How to evaluate Sample Results?
 d. "In case where audit sample selection has been done on a random basis, no statistical process for selection of samples needs to be followed" Comment
 e. With reference to SA 530, State the requirements relating to sample design, sample size, selection methods of items for testing?
- Q78. a. What type of report will be given if going concern is appropriate but Material uncertainty is disclosed?
 b. What are the indicators of appropriateness of going concern assumption?
 c. "The absence of any reference to going concern uncertainty in an auditor's report is a guarantee as to the entity's ability to continue as a going concern" Comment.